



Los Angeles County
Board of Supervisors

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May 18, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

John F. Schunhoff, Ph.D.
Interim Director

Gail V. Anderson, Jr., M.D.
Interim Chief Medical Officer

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**FISCAL YEAR 2009-10 BUDGET ADJUSTMENT
(ALL DISTRICTS)
(4 VOTES)**

SUBJECT

Request approval of a Fiscal Year 2009-10 Budget Adjustment for the Department of Health Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the one-time use of additional Measure B Special Tax Fund (Measure B) reserves of \$9.0 million for Fiscal Year (FY) 2009-10 for emergency and trauma care provided by the Department of Health Services (DHS) hospitals.
2. Approve the attached DHS FY 2009-10 Budget Adjustment (BA) (Attachment I) to reallocate and adjust the appropriation and revenue, including the one-time Measure B reserves of \$9.0 million as indicated above.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Your Board's approval of these recommendations will assist DHS in having sufficient Services and Supplies (S&S) appropriation to meet its financial obligations as the Department approaches the fiscal year-end by: 1) authorizing the use of one-time Measure B reserves of \$9.0 million to partially offset uncompensated emergency and trauma care; and 2) reallocating and adjusting appropriations within DHS based on the Department's FY 2009-10 experience to date.

DHS' Fiscal Outlook presented to your Board on April 6, 2010 indicated a FY 2009-10 projected deficit of \$200.0 million. Two of the potential solutions presented to your Board in the DHS Fiscal Outlook to reduce the FY 2009-10 deficit are the Hospital Provider Fee, and the use of one-time Measure B reserves. At this time, the Centers for Medicare and Medicaid Services' (CMS) approval of the Hospital Provider Fee is still pending. In the interim, while the Department awaits the outcome for the Hospital Provider Fee, there is a current need to realign existing appropriation as DHS approaches fiscal year-end closing.

DHS' FY 2009-10 Final Budget included a deficit reduction placeholder of \$95.6 million in S&S appropriation that reduced the amount of S&S funding for operations. In addition, difficulties in filling critical patient care positions have resulted in higher utilization of registries and physician specialties (both of which are budgeted in S&S) in order to cover critical service needs.

The reallocation of appropriation is primarily to transfer available Salaries & Employee Benefits funding to S&S. In addition, available Other Charges and Fixed Assets funding, due to lower than anticipated expenditures, will also be realigned to S&S.

Implementation of Strategic Plan Goals

The recommended actions support Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The recommendations approve the use of one-time Measure B reserves in the amount of \$9.0 million and reallocates \$174.8 million within DHS' budget units to reflect current financial experience for FY 2009-10. There is no increase in net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of these actions allows DHS to continue its current operations.

The Honorable Board of Supervisors
5/18/2010
Page 3

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John F. Schunhoff". The signature is fluid and cursive, with a large initial "J" and "S".

JOHN F. SCHUNHOFF, Ph.D.
Interim Director

JFS:aw

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Auditor Controller

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF Health Services

DEPT'S. NO. 110

May 18, 2010

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2009-10

4 - VOTES

SOURCES

Please see attached.

USES

Please see attached.

SOURCES TOTAL: \$ 174,800,000

USES TOTAL: \$ 174,800,000

JUSTIFICATION

This budget adjustment is necessary to realign the available funding from the Measure B Special Tax Fund and certain appropriations and revenues within the Department of Health Services in accordance with the FY 2009-10 current experience.


AUTHORIZED SIGNATURE [NAME]

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR —☐ ACTION☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY Karen ShikumaB.A. NO. 199May 6 20 10☒ APPROVED AS REQUESTED☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY [Signature]May 6 20 10

SEND 6 COPIES TO THE AUDITOR-CONTROLLER

DEPARTMENT OF HEALTH SERVICES
BUDGET ADJUSTMENT
FISCAL YEAR 2009-10

Attachment I

4-VOTE

SOURCES:

Measure B

Measure B - Financing Elements
BW9-HS-3303
Appropriation For Contingency

\$ 8,779,000

Measure B - Admin-Other
BW9-HS-41010-41017-5500
Other Charges
Decrease Appropriation

221,000

Total Measure B

\$ 9,000,000

USES:

Measure B

Measure B - LAC+USC Medical Center
BW9-HS-41010-41014-6100
Operating Transfers Out
Increase Appropriation

\$ 4,784,000

Measure B - Harbor/UCLA Medical Center
BW9-HS-41010-41012-6100
Operating Transfers Out
Increase Appropriation

2,355,000

Measure B - Olive View Medical Center
BW9-HS-41010-41013-6100
Operating Transfers Out
Increase Appropriation

1,861,000

Total Measure B

\$ 9,000,000

SA # 199 K. Sullivan 5/6/10

**DEPARTMENT OF HEALTH SERVICES
BUDGET ADJUSTMENT
FISCAL YEAR 2009-10**

Attachment I

4-VOTE

SOURCES:

Enterprise Fund

LAC+USC Healthcare Network

MN4-HG-1000-60010
Salaries & Employee Benefits
Decrease Appropriation \$ 12,900,000

MN4-HG-96-9910-60010
Operating Transfers In - Measure B
Increase Revenue 4,784,000

MN4-HG-96-9912-60010
Operating Subsidy - Gen Fd
Increase Revenue 16,430,000

Total LAC+USC Healthcare Network \$ 34,114,000

Coastal Network

MN1-HH-1000-60020
Salaries & Employee Benefits
Decrease Appropriation \$ 9,700,000

MN1-HH-6030-60020
Fixed Assets-Equipment
Decrease Appropriation 2,000,000

MN1-HH-96-9910-60020
Operating Transfers In - Measure B
Increase Revenue 2,355,000

MN1-HH-96-9912-60020
Operating Subsidy - Gen Fd
Increase Revenue 16,445,000

Total Coastal Network \$ 30,500,000

Southwest Network

MN5-HK-1000-60030
Salaries & Employee Benefits
Decrease Appropriation \$ 4,000,000

MN5-HK-2000-60030
Services & Supplies
Decrease Appropriation 7,300,000

MN5-HK-5500-60030
Other Charges
Decrease Appropriation 7,400,000

Total Southwest Network \$ 18,700,000

USES:

Enterprise Fund

LAC+USC Healthcare Network

MN4-HG-2000-60010
Services & Supplies
Increase Appropriation \$ 34,114,000

Coastal Network

MN1-HH-2000-60020
Services & Supplies
Increase Appropriation \$ 25,200,000

MN1-HH-5500-60020
Other Charges
Increase Appropriation 5,300,000

Total Coastal Network \$ 30,500,000

Southwest Network

MN5-HK-96-9912-60030
Operating Subsidy - Gen Fd
Decrease Revenue \$ 18,700,000

\$ 18,700,000

PA # 199 - K Shilaine 5/6/10

DEPARTMENT OF HEALTH SERVICES
BUDGET ADJUSTMENT
FISCAL YEAR 2009-10

Attachment I

4-VOTE

SOURCES:

ValleyCare Network

MN3-HO-1000-60050

Salaries & Employee Benefits

Decrease Appropriation \$ 2,200,000

MN3-HO-5500-60050

Other Charges

Decrease Appropriation 1,000,000

MN3-HO-96-9910-60050

Operating Transfers In - Measure B

Increase Revenue 1,861,000

MN3-HO-96-9912-60050

Operating Subsidy - Gen Fd

Increase Revenue 21,725,000

Total ValleyCare Network

\$ 26,786,000

Total Enterprise Fund

\$ 110,100,000

USES:

ValleyCare Network

MN3-HO-2000-60050

Services & Supplies

Increase Appropriation \$ 26,786,000

Total ValleyCare Network

\$ 26,786,000

Total Enterprise Fund

\$ 110,100,000

BA#199 KShikama 5/6/10

**DEPARTMENT OF HEALTH SERVICES
BUDGET ADJUSTMENT
FISCAL YEAR 2009-10**

Attachment I

4-VOTE

SOURCES:
General Fund

Health Services Administration

A01-HS-1000-20000
Salaries & Employee Benefits
Decrease Appropriation \$ 7,600,000

A01-HS-2000-20000
Services & Supplies
Decrease Appropriation 28,700,000

A01-HS-6030-20000
Fixed Assets-Equipment
Decrease Appropriation 300,000

Total Health Services Administration **\$ 36,600,000**

Juvenile Court Health Services

A01-HJ-1000-20600
Salaries & Employee Benefits
Decrease Appropriation \$ 400,000

Total Juvenile Court Health Services **\$ 400,000**

General Fund Subsidies

General Fund Subsidy - (Southwest Network)

A01-AC-6100-21200-21228
Operating Transfers Out
Decrease Appropriation \$ 18,700,000

Total General Fund Subsidies **\$ 18,700,000**

Total General Fund **\$ 55,700,000**

Total Department **\$ 174,800,000**

USES:
General Fund

Health Services Administration

A01-HS-5500-20000
Other Charges
Increase Appropriation \$ 100,000

Juvenile Court Health Services

A01-HJ-2000-20600
Services & Supplies
Increase Appropriation \$ 1,000,000

Total Juvenile Court Health Services **\$ 1,000,000**

General Fund Subsidies

General Fund Subsidy - (LAC+USC Hlthcare Network)

A01-AC-6100-21200-21224
Operating Transfers Out
Increase Appropriation \$ 16,430,000

General Fund Subsidy - (Coastal Network)

A01-AC-6100-21200-21226
Operating Transfers Out
Increase Appropriation 16,445,000

General Fund Subsidy - (Valley Care Network)

A01-AC-6100-21200-21232
Operating Transfers Out
Increase Appropriation 21,725,000

Total General Fund Subsidies **\$ 54,600,000**

Total General Fund **\$ 55,700,000**

Total Department **\$ 174,800,000**

Noted & Approved:

 5/6/10
Mela Guerrero, Controller
Department of Health Services

BA #199 - K. Silas 5/6/10